

Central Intelligence Agency

CHRONO



Washington, D.C. 20505

25 OCT 1985

221 85-3072/H

Mr. James M. Frey
Director for Legislative
Reference
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Frey:

This is in response to your request for the views of the Central Intelligence Agency on an Office of Personnel Management (OPM) draft bill to change the method of computing benefits for employees who perform part-time service under the Civil Service Retirement System. The purpose of the bill would be to close a loophole in the present system that allows part-time employees to change to full-time status during the last three years of their career and thereby receive an annuity equal to that provided for an employee who worked a full-time schedule for his career. While the Agency has no objection to closing a loophole that allows part-time employees to be treated as full-time workers for purposes of determining retirement benefits, we do believe this draft bill covers more than is necessary to remedy the problem.

The major problem has been individuals who work a substantial part of their career as part-time employees and who change over to full-time status before retiring so as to obtain retirement benefits equal to that of a full-time employee. This clearly is a windfall that cannot be justified. However, the bill also would cover employees who work a substantial part of their career as full time employees and who convert over to part-time status during their last few years prior to retirement. For example, the bill would reduce the annuity of a person who works 27 years as a full-time employee and three years as a part-timer. While it is arguable and logical that a 27-year full-time employee should not receive the same annuity as someone who worked 30 years full-time, it is not clear that the significantly increased, per-case, processing time and complexity of annuity calculation which may be entailed in applying the provisions of the bill would be justified by eliminating the full-time annuity benefits for those who have worked 27 years full-time.

We believe this draft bill should be modified to deal more precisely with the potential abuse situations. This could be accomplished by applying the new computational method only when the major or preponderant part of an employee's career has been spent as a part-time employee. For example, the bill could be amended so that its provisions only apply if one-half or two-thirds of the employee's service was part-time.

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If you have any further questions regarding our position on this matter, please contact me or [] of my staff at []

Sincerely,

/s/Charles A. Briggs
Charles A. Briggs
Director, Office of Legislative Liaison

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OLL 85-3072

Office of Legislative Liaison

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24 Oct 85

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